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I N A N U T S H E L L

Starting a Business

How do I get a license to do business in Michigan?

Not every business in Michigan needs a license. For a list of businesses required to have a license call 517.373.9808 or go to <http://medc.michigan.org/services/license/>

How do I register my business name?

Depending on the legal structure chosen, a business entity may be required to file with the county clerk's office, in Kalamazoo, 393.8840, or State of Michigan Corporation Division, 517.241.6400. To check on a business name go to http://www.cis.state.mi.us/bcs_corp/sr_corp.asp

How do I choose a legal structure?

For-profit businesses have six choices:

Sole Proprietorship: An individual owns and operates the business and is responsible for 100% of profits/debts.

General Partnership: Two or more persons own and manage the business. Each partner is liable for all debts of the business. All profits are taxed as income to the partners based on percentage of ownership.

Limited Partnership: There are two types, general partners, who may receive cash or assets as provided by agreement and incur unlimited liability, and limited partners, who share profits based on the partnership agreement.

"C" Corporation: Legal entity separate from the persons forming or owning the corporation with shareholders, directors, and officers.

Subchapter "S" Corporation: IRS code permits a corporation to be taxed as a partnership or sole proprietorship, with the profits taxed at the individual rate. Contact the IRS at 1-800-829-3676, or go to IRS.GOV for forms.

Limited Liability Company: Treated as a partnership for U.S. income tax purposes, provides limited liability of a corporation. Owners are called members.

What goes into a business plan - and do I need it?

A business plan guides your business development and is also required by lenders. A properly drafted business plan provides a general description of the business, including its legal structure, products and/or services, target markets, management information, financial requirements, projected revenue, and expenses.

How can I finance my new business?

To borrow money, you must start with a business plan. Most businesses utilize both secured and unsecured short-term debt (one year or less). Unsecured short-term debt includes personal credit cards, savings, funds borrowed from friends or family. Secured short/long-term debt (ten years or more) includes loans from commercial banks and U.S. Small Business Administration guaranteed loans made through private lending institutions.

Do not expect to find a grant to fund a business start-up. Grants are primarily given to non-profit, tax-exempt organizations. Exceptions include some research and technology grants in highly specific targeted areas and renaissance-type grants for specific improvements in redevelopment areas. Check with your local city hall for information.

Where can I find more information on starting and managing a small business?

Kalamazoo Public Library offers extensive information to help you start or grow your business. Call the Reference desk for help at 269.553.7801.

Kalamazoo College's Stryker Center provides individual counseling through its **Small Business and Technology Development Center**. Call 269.337.7350.

SCORE (Service Corps of Retired Executives) volunteers provide free counseling. Call 269.381.5382.

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